

VZCZCXRO7740
RR RUEHRG
DE RUEHRI #0144/01 1641516
ZNR UUUUU ZZH
R 121516Z JUN 08
FM AMCONSUL RIO DE JANEIRO
TO RUEHC/SECSTATE WASHDC 4497
INFO RUEHBR/AMEMBASSY BRASILIA 0839
RUEHSO/AMCONSUL SAO PAULO 5155
RUEHRG/AMCONSUL RECIFE 3427

UNCLAS SECTION 01 OF 02 RIO DE JANEIRO 000144

SIPDIS

E.O. 12958: N/A

TAGS: [ENRG](#) [EIND](#) [EAIR](#) [ECON](#) [PGOV](#) [PHUM](#) [KCRM](#) [KOCI](#) [SOCI](#) [SNAR](#) [BR](#)

SUBJECT: Rio de Janeiro Pol-Econ Round-Up April-May 2008

Summary

¶1. The following are highlights of Political/Economic activity in Rio de Janeiro's reporting district during the months of April-May ¶2008.

- Rio's Former Governor Indicted, Former Police Chief Arrested
- Militias Torture Journalists
- Brazil Plans for More Nuclear Power Plants
- Rio Official Targets Police Weaknesses
- Rio de Janeiro State To Become Major Steel Export Center
- Police Operation Targets Sex Tourism in Rio de Janeiro
- Middle Class Crack Consumption On the Rise
- International Drug Traffickers Arrested in Minas Gerais
- U.S.-Brazil Continue Technical Cooperation on Global Positioning Technology

Rio's Former Governor Indicted, Former Police Chief Arrested

¶2. Former Rio Governor and current President of the Brazilian Democratic Movement Party (PMDB), Anthony Garotinho, was charged with smuggling, passive corruption and money laundering by the Federal Public Ministry in late May. His former Civil Police Chief and current Rio de Janeiro State Deputy Alvaro Lins was arrested on related charges, and released one day later after the Rio de Janeiro Legislative Assembly (ALERJ) issued a decree ordering his release. In a statement from the public prosecutor's office, Garotinho is cited as being politically responsible for guaranteeing that a "gang" led by Lins remained in charge of Rio's Civil Police. The gang used the infrastructure of the State Public Security Secretariat to support an illegal slot machine network and to maintain a scheme of bribes. Prosecutors also ordered the arrest of seven high-ranking police officers allegedly linked to the slot-machine scandal. This latest episode has strengthened calls for a crackdown on corruption within the state and local government.

Militias Torture Journalists

¶3. A news crew from O DIA newspaper claimed it had been detained and tortured by local militia (off-duty law enforcement officers who control poor areas of Rio de Janeiro) in mid-May, after it was discovered living undercover inside one of Rio's slums for two weeks while preparing an article about the militias. A journalist, photographer, and their driver claim they were tortured for seven hours, including asphyxia and electric shocks. Militias started in Rio de Janeiro in the 1980s as a part of a local community effort to take back neighborhoods from drug traffickers. Over time, militias have themselves turned into increasingly corrupt and violent organizations. The State Government is investigating this latest incident; the Special Rapporteur for Reprehensible Criminal Actions Dr. Claudio Ferraz announced that he would gather more information and ask for support from U.S. authorities such as the FBI.

Brazil Plans for More Nuclear Power Plants

¶4. During a speech to the Brazilian Senate on May 8 about the GOB's "Plan to Accelerate Growth" (PAC), Minister Chief of Civil House Dilma Rousseff announced that construction of Angra 3 nuclear power plant will move ahead and said that more nuclear plants will follow. The GOB's National Energy Plan calls for completion of Angra 3 by 2014 and as many as eight additional nuclear plants by 2030. Angra 3 is expected to generate 1.350 megawatts and its construction will cost USD 4.6 billion. Environmental licenses to resume construction may be granted as early as June 2008.

Rio de Janeiro State To Become Major Steel Export Center

¶5. Companhia Siderurgica Nacional (CSN), a major Brazilian steel company, announced plans to invest approximately US\$ 3.5 billion in the construction of a new steel mill and a private port in Itaguaí, Rio de Janeiro (70 kilometers west of Rio de Janeiro). CSN plans to produce 5 million tons of steel per year at the Itaguaí plant, which would be built adjacent to another planned steel mill owned by the Companhia Siderurgica do Atlantico (CSA) syndicate, a joint venture between German multinational ThyssenKrupp and Brazilian Companhia Vale do Rio Doce (Vale). CSA plans to invest approximately US\$ 4.7 billion in a thermo-electric steel plant and a private port, producing 5.4 million tons of steel plates per year. According to Rio State Secretary of Economic Development, Julio Bueno, the construction of these two plants, in addition to other investments in the steel sector, will result in the creation of over 30,000 jobs.

Police Operation Targets Sex Tourism in Rio de Janeiro

RIO DE JAN 00000144 002 OF 002

¶6. In a special operation called Castelo de Areia (Sand Castle) in April, Rio de Janeiro police arrested two sand sculptors on Copacabana beach for brokering sexual encounters between visiting tourists and underage children. Local press reported that Michael Joseph Clifford, an American DHS official from Rhode Island, while in Rio, used the sand sculptors to arrange an encounter with an 11-year old boy in his Copacabana hotel room in March. Papers reported that Clifford was placed on administrative leave, pending an investigation.

Middle Class Crack Consumption On the Rise

¶7. According to recent reports, crack consumption is increasing among the homeless and the middle class. The Brazilian Center of Information of Psychotropic Drugs (CEBRID) as well as the Center of Studies and Research in Attention to Drug Users at the State University of Rio de Janeiro (NEPAD-UERJ), reported that crack addicts now account for 30 percent of their patients. Rio's Military Police reported a 160 percent increase in crack seizures in 2007 over 2006. Another indicator of the drug's new popularity with the middle class, according to the study, is the increase in consumption despite its relatively high price. Its street price in Rio is about 180 percent higher than it is in São Paulo. According to Consulate contacts, middle and upper class drug consumers can easily order drugs by phone for home delivery (much like ordering a pizza).

International Drug Traffickers Arrested in Minas Gerais

¶8. In an operation called "Operação Muralha" (Operation Wall), the Brazilian Federal Police dismantled an international drug trafficking organization based in Governador Valadares, Minas Gerais. After eighteen months of investigations, the police seized almost 2 tons of cocaine and marijuana. The drugs came from Bolivia, Colombia, Peru and Paraguay and were sent by the organization to Europe and Africa through the Port of Santos. Rodrigo Alves de Marco, the group's leader, created a fake travel agency for the purpose of money laundering and facilitating travel for traffickers. Some drug shipments sent from Brazil to Angola and Nigeria, where the drugs are then re-exported to the U.S. in small

quantities by air.

U.S.-Brazil Technical Cooperation on Global Positioning Technology

19. U.S. Federal Aviation Agency (FAA) and Brazil's Department of Air Space (DECEA) officials met in Rio de Janeiro April 3-8, to review the status of various projects related to the implementation of Global Navigation Satellite Systems (GNSS) technology in Brazil. They agreed to cooperate on future activities including the promotion of an academic prize for Brazilian universities on the scientific, economic, social, transport, environmental protection, public security systems, and other related applications using GPS; a workshop at two major universities in Rio de Janeiro to educate about and promote GPS technology; and organizing a GPS/helicopter safety workshop.

MARTINEZ